

Medicare Part D Formularies, 2006 – 2007

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General Background

- Based on CMS formulary files and USP classification system
- PDPs and MA-PDs
- Most results are for January 2007 formularies
- Some comparisons with 2006
- Most tables weighted by 2007 enrollments

What is a Drug?

- Chemical entity (paroxetine)
- Chemical entity with brand and generic versions (paroxetine and Paxil)
- Trade names (paroxetine, Paxil, Paxil CR, Pexeva)
- NDC codes (13 examples in the CMS reference set)
- We will generally use “chemical entity”

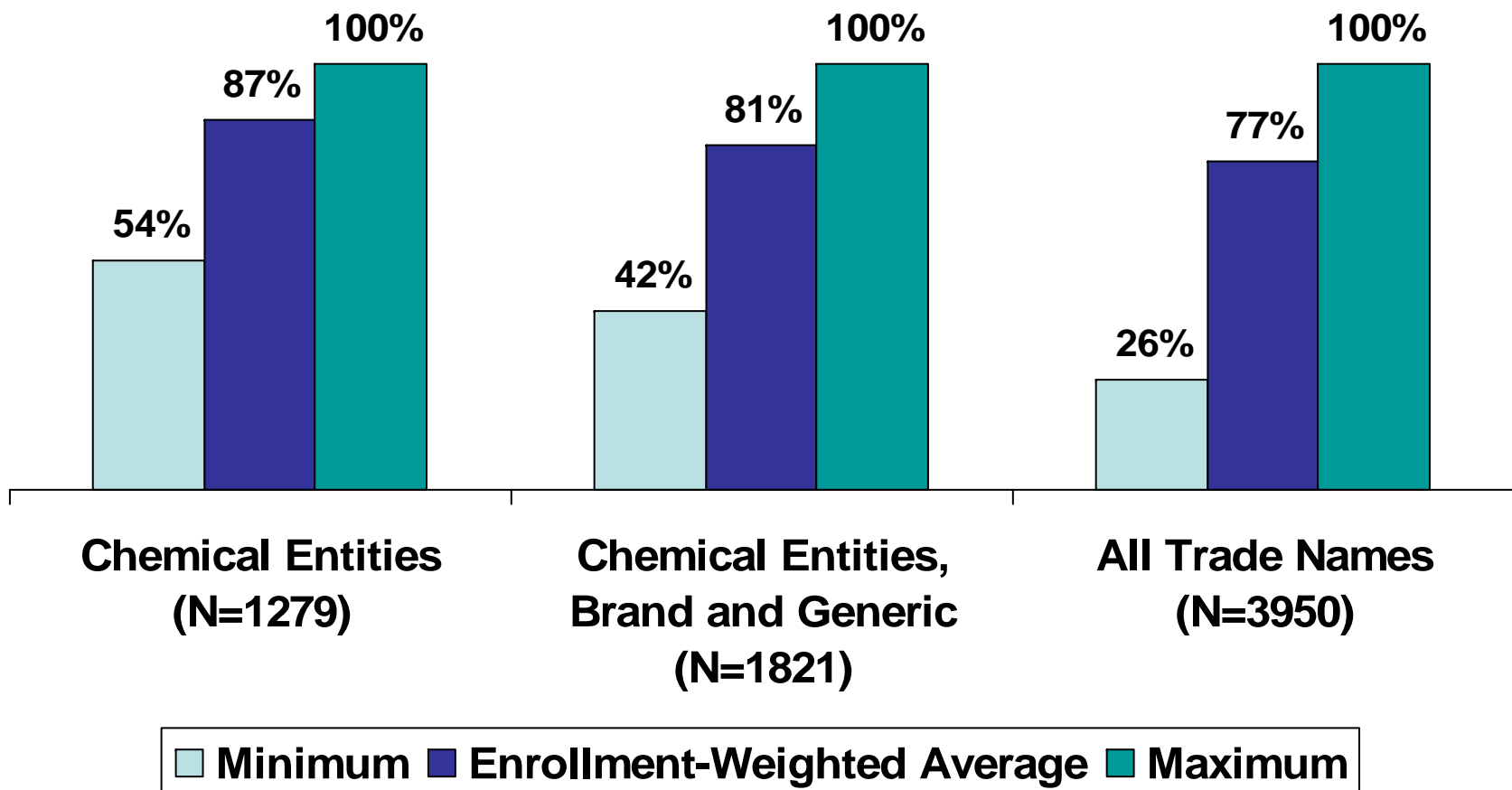
How Do Formulary Listings of One Chemical Entity (Paroxetine) Vary?

GENERIC NAME	TRADE NAME	FORM	STRENGTH	NDC CODE	NDC		Trade Name		Chemical Entity				
					# Plans	% Plans	# Plans	% Plans	# Plans	% Plans			
Paroxetine Hydrochloride	Paroxetine HCL	oral solid	40 mg	00093712156	3463	100%	3464	100%	3464	100%			
			30 mg	00093711656	3463	100%							
			20 mg	49884087701	3455	99.7%							
			10 mg	00093711456	3450	99.6%							
	Paxil	oral solid	10 mg	00029321013	1250	36.1%	3464	100%					
			40 mg	00029321313	1242	35.9%							
			20 mg	00029321113	1250	36.1%							
			30 mg	00029321213	1238	35.7%							
		suspension	10 mg/5ml	00029321548	3464	100%							
		Paxil CR	oral solid	25 mg	00029320713	2473					71.4%	2472	71.4%
				12.5 mg	00029320613	2473					71.4%		
	37.5 mg			00029320813	2473	71.4%							
Paroxetine Mesylate	Pexeva	oral solid	10 mg	63672201001	1904	55.0%	1904	55.0%					

NOTE: Coverage for PDPs and MAPDs (2007) combined

Formulary Size Varies by Drug Definition

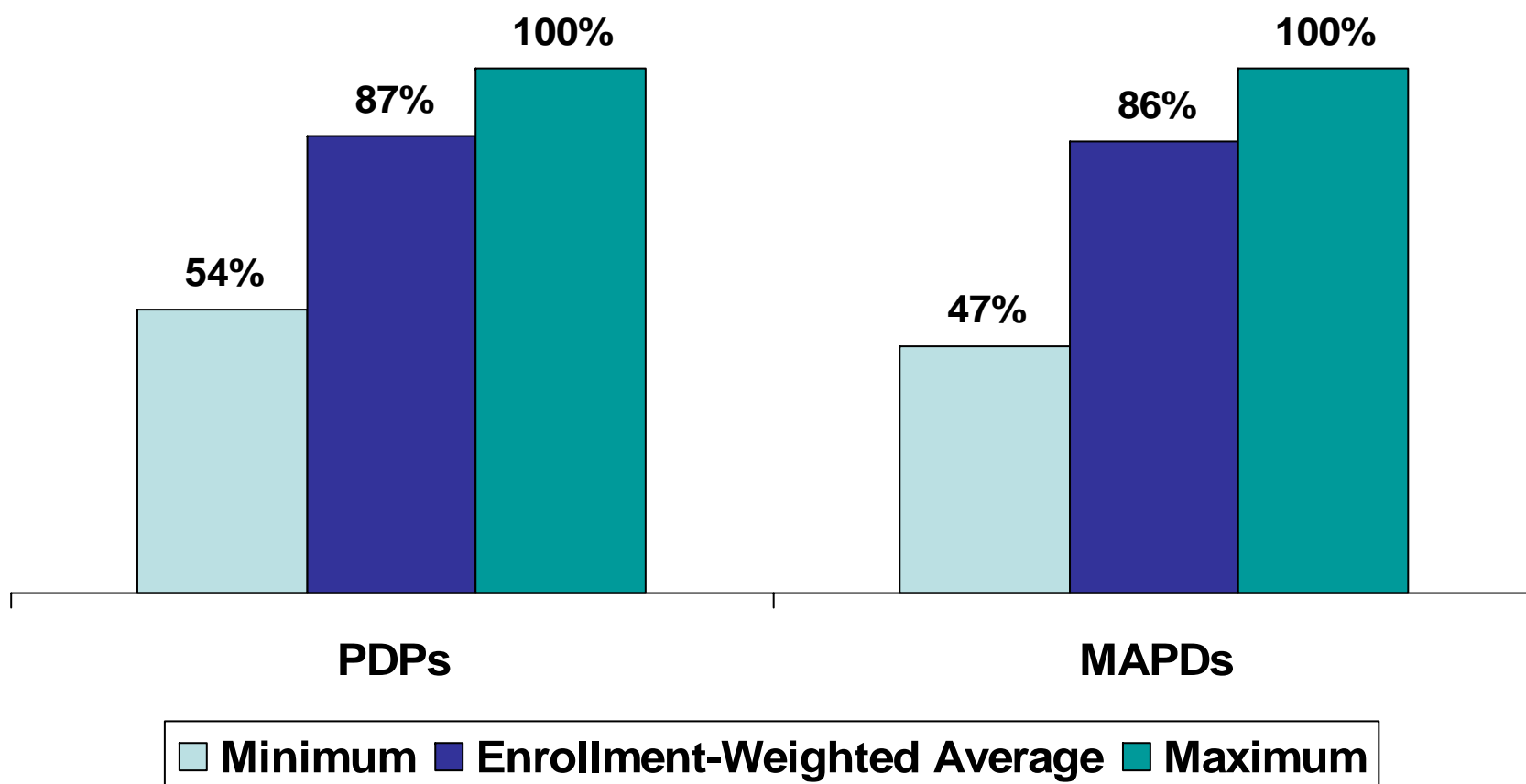
Share of Drugs Listed, PDPs, 2007



NOTE: Calculations are weighted by 2007 enrollments.

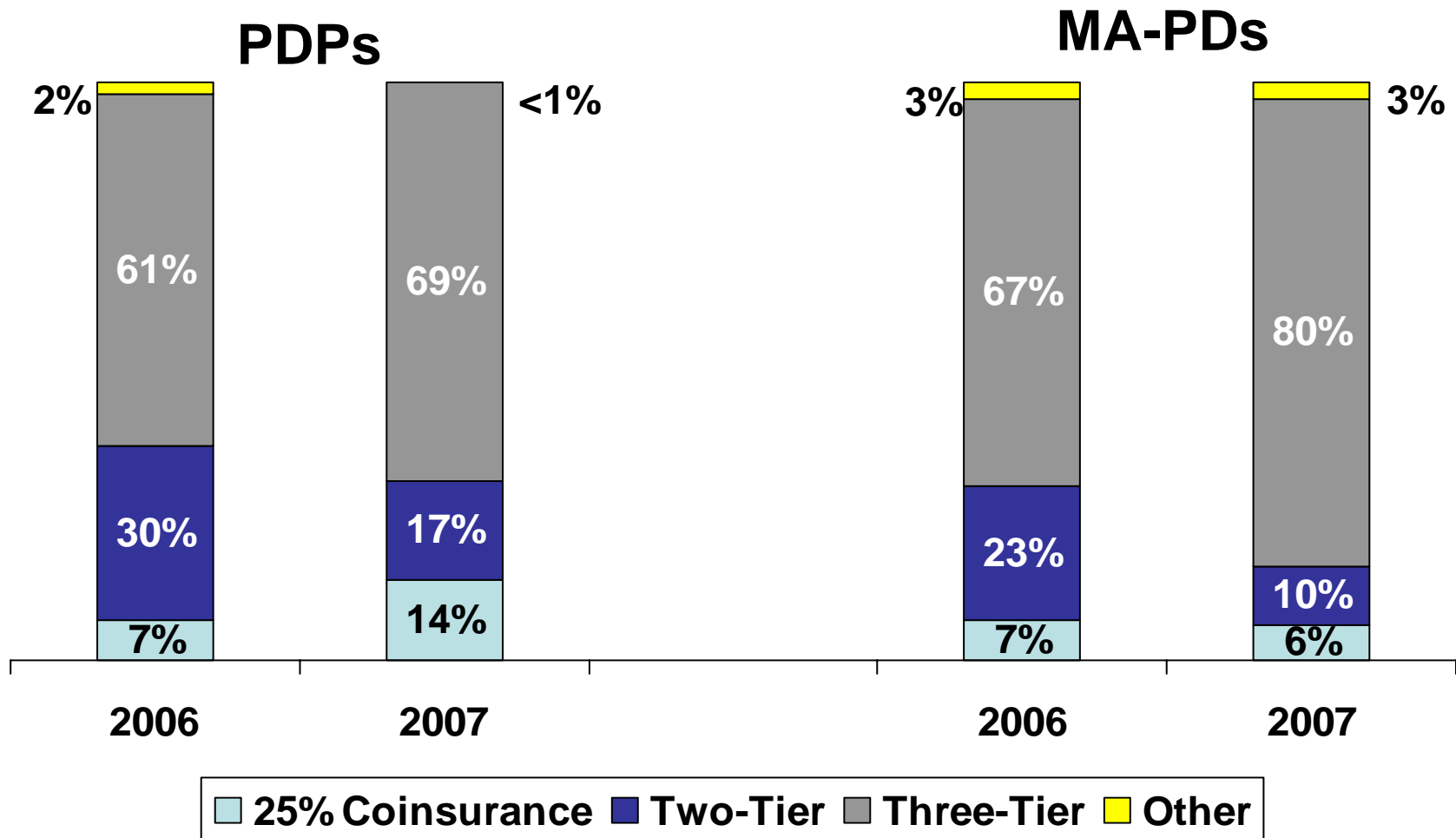
Similar Formularies, PDPs & MAPDs

Share of Chemical Entities Listed, 2007



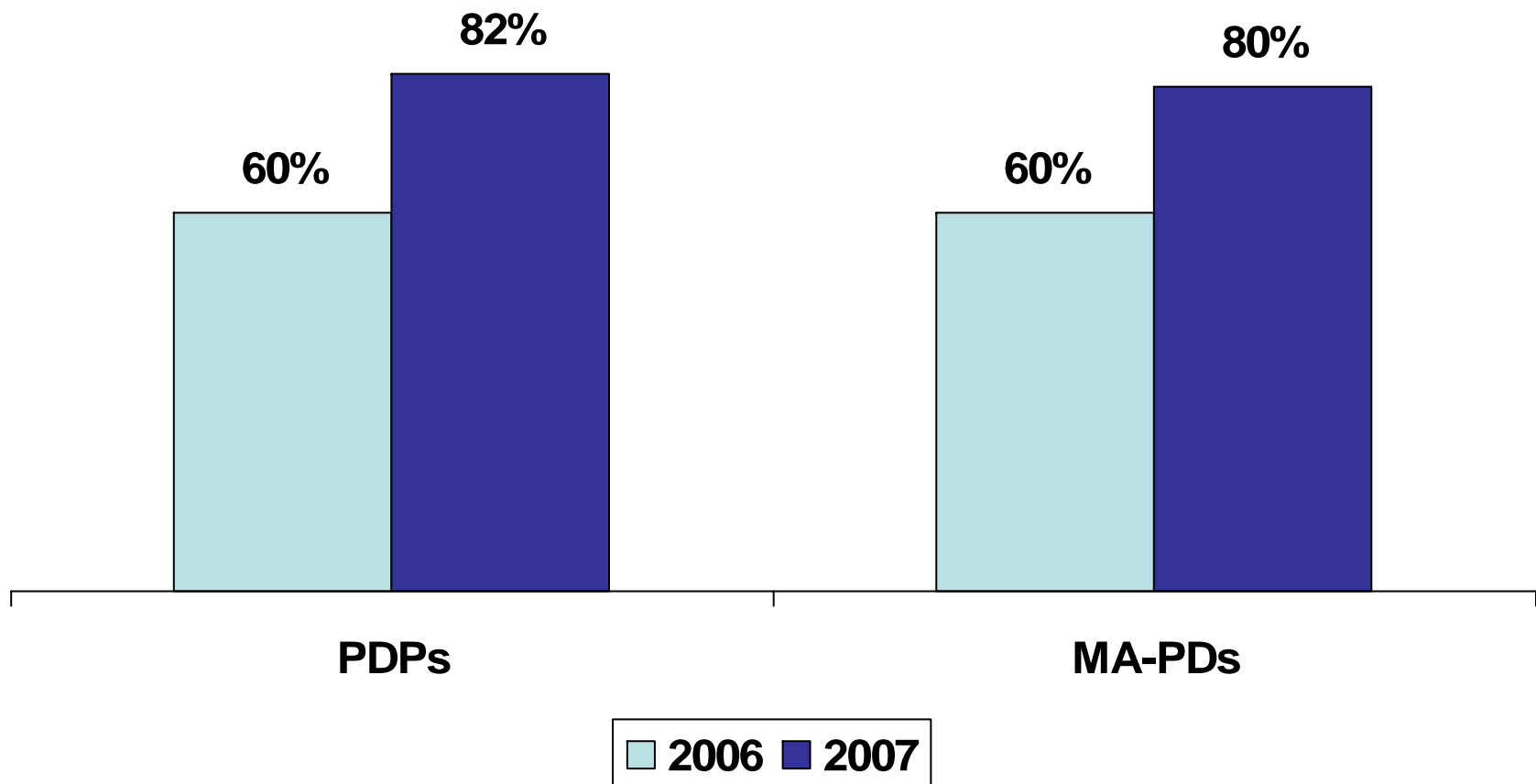
NOTE: Calculations are share of chemical entities, weighted by 2007 enrollments.

More Plans Use Three-Tier Formularies, 2006-07



NOTE: Two-tier plans = generic and brand tiers; three-tier plans = generic, preferred, and non-preferred. Many plans of both types also use specialty tiers. Calculations are share of all plans, not weighted.

More Plans Use Specialty Tiers for Some Expensive Drugs, 2006-2007



NOTE: Calculations are share of all plans, not weighted.

Median Monthly Copay Levels, 2007

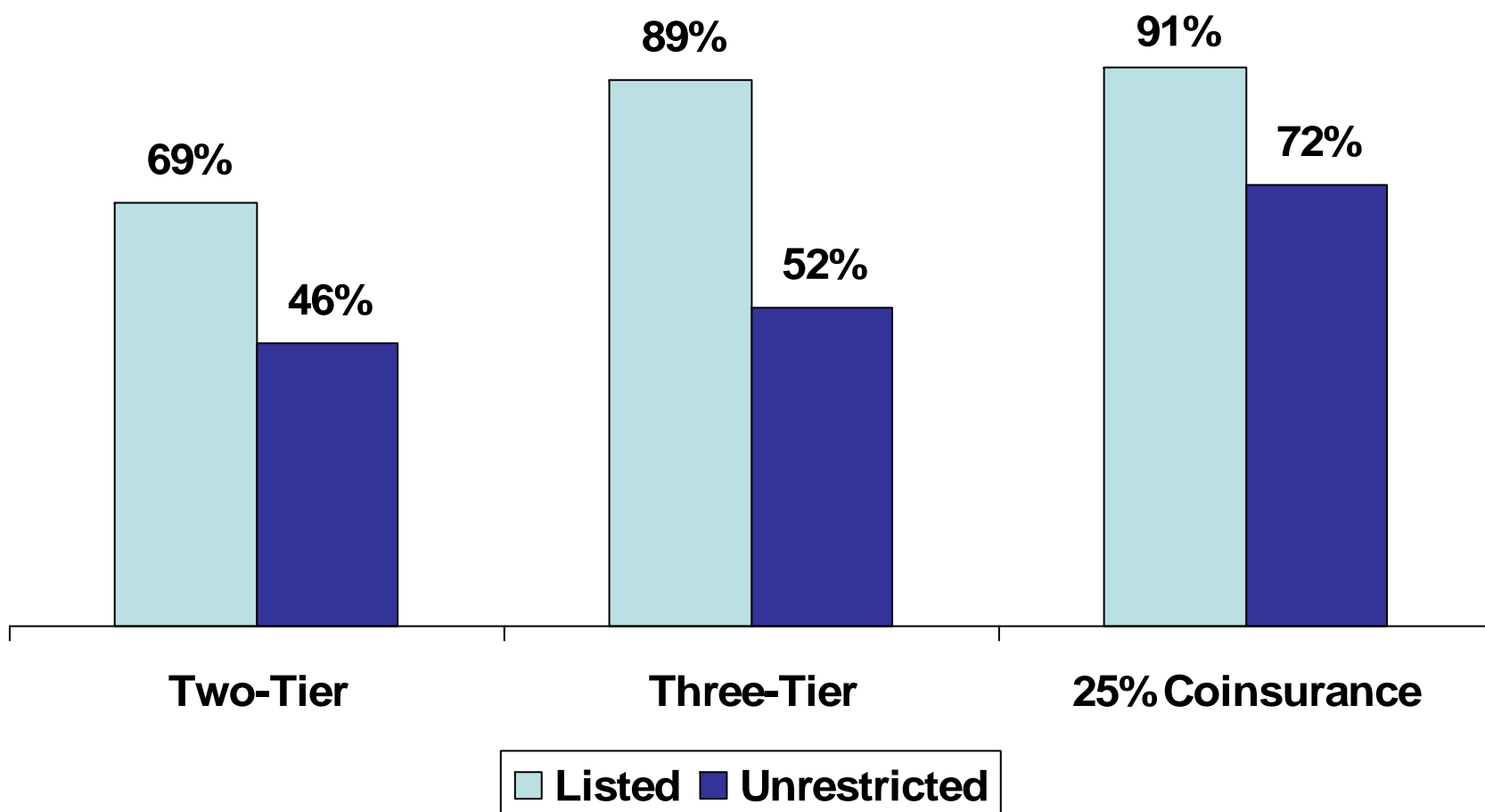
(with minimum and maximum)

Tier	PDPs	MA-PDs
Generic	\$5 (\$0 - \$25)	\$5 (\$0 - \$15)
Preferred	\$28 (\$15 - \$59)	\$29* (\$0 - \$54)
Non-Preferred	\$60* (\$35 - \$93)	\$60* (\$20 - \$120)
Specialty	30%* (25% - 33%)	25% (10% - 33%)

* Indicates an increase from 2006

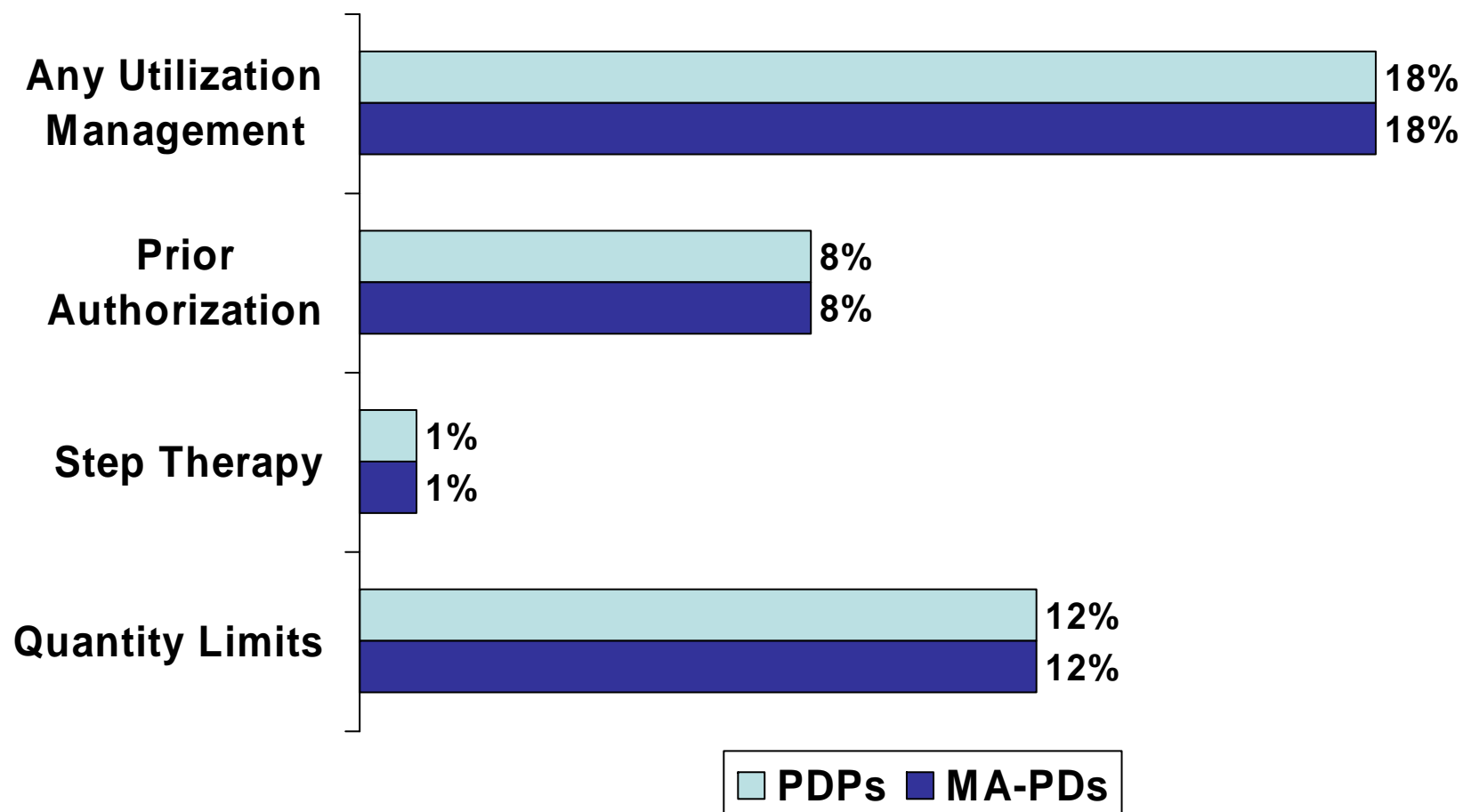
NOTE: Excludes two-tier plans and plans with coinsurance for regular tiers and flat copayments for specialty tiers. Calculations are share of chemical entities, weighted by 2006 and 2007 enrollments.

Three-Tier PDPs List More Drugs, But Many Have Restrictions, 2007



NOTE: Unrestricted defined as drugs on generic or preferred tier and without UM restrictions. Calculations are share of chemical entities, weighted by 2007 enrollments.

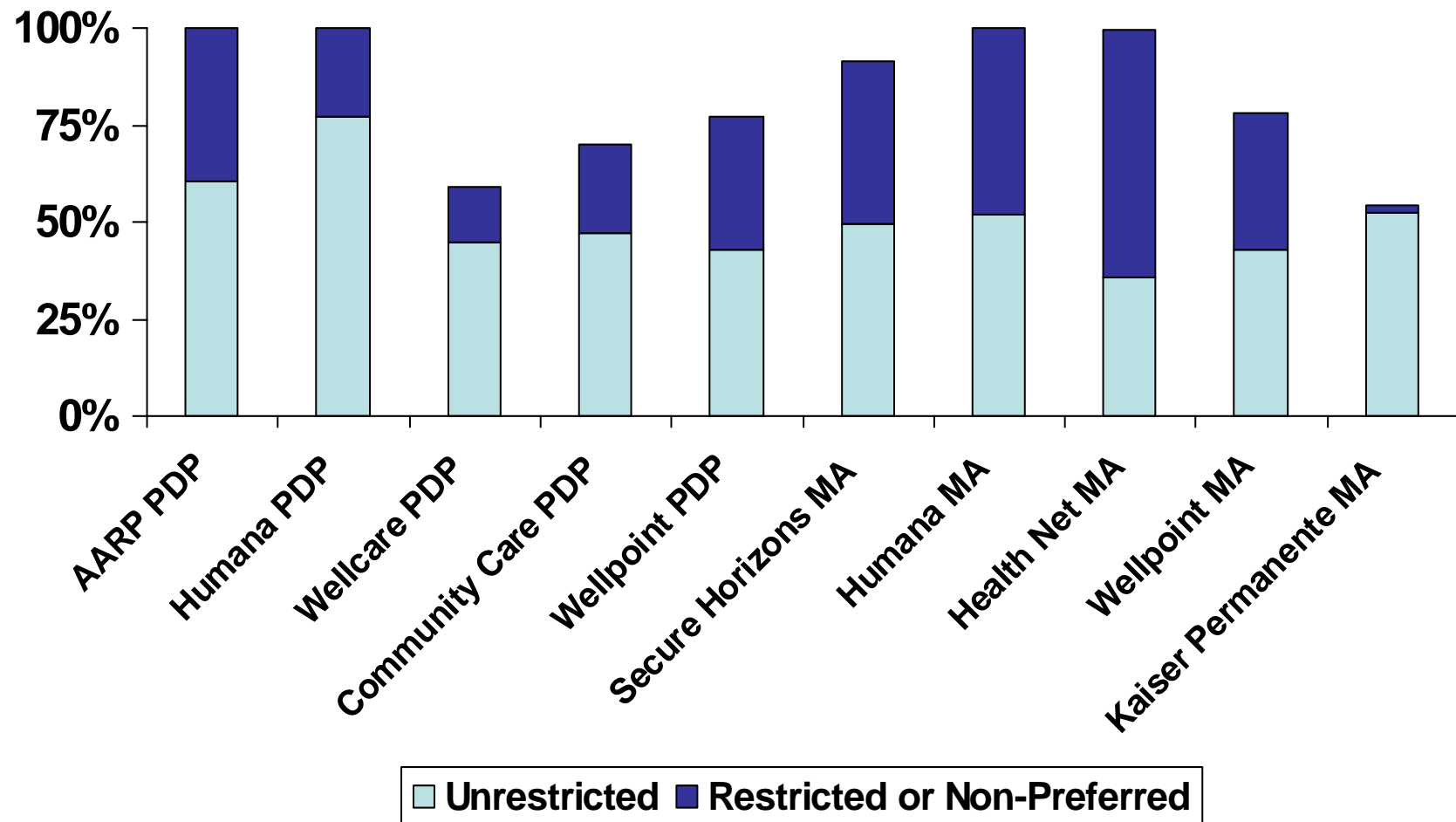
Utilization Management, as Share of Listed Drugs, 2007



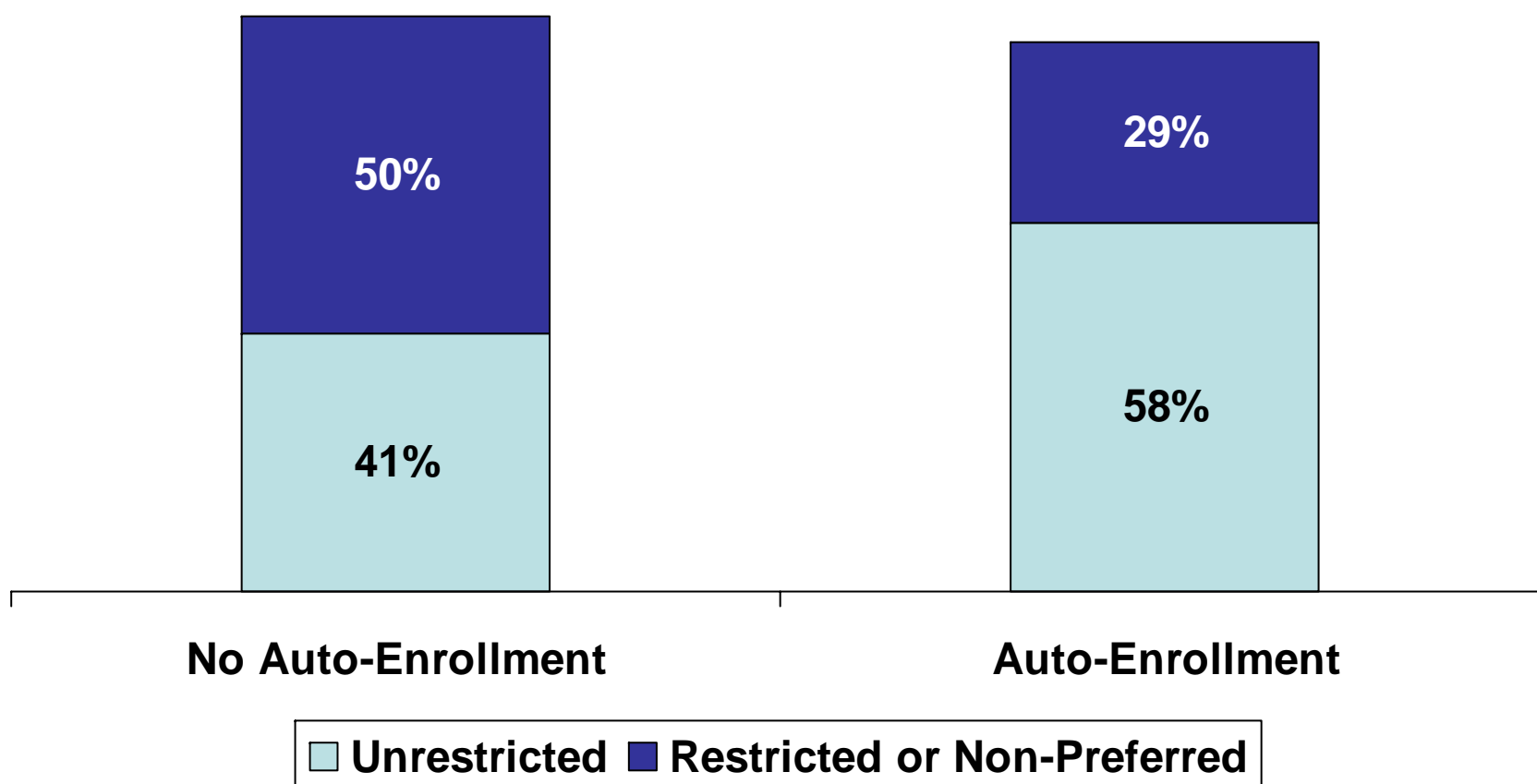
NOTE: Calculations are share of listed chemical entities, weighted by 2007 enrollments.

Formulary Listings Vary by Plan

Share of Drugs, Largest Plans, 2007

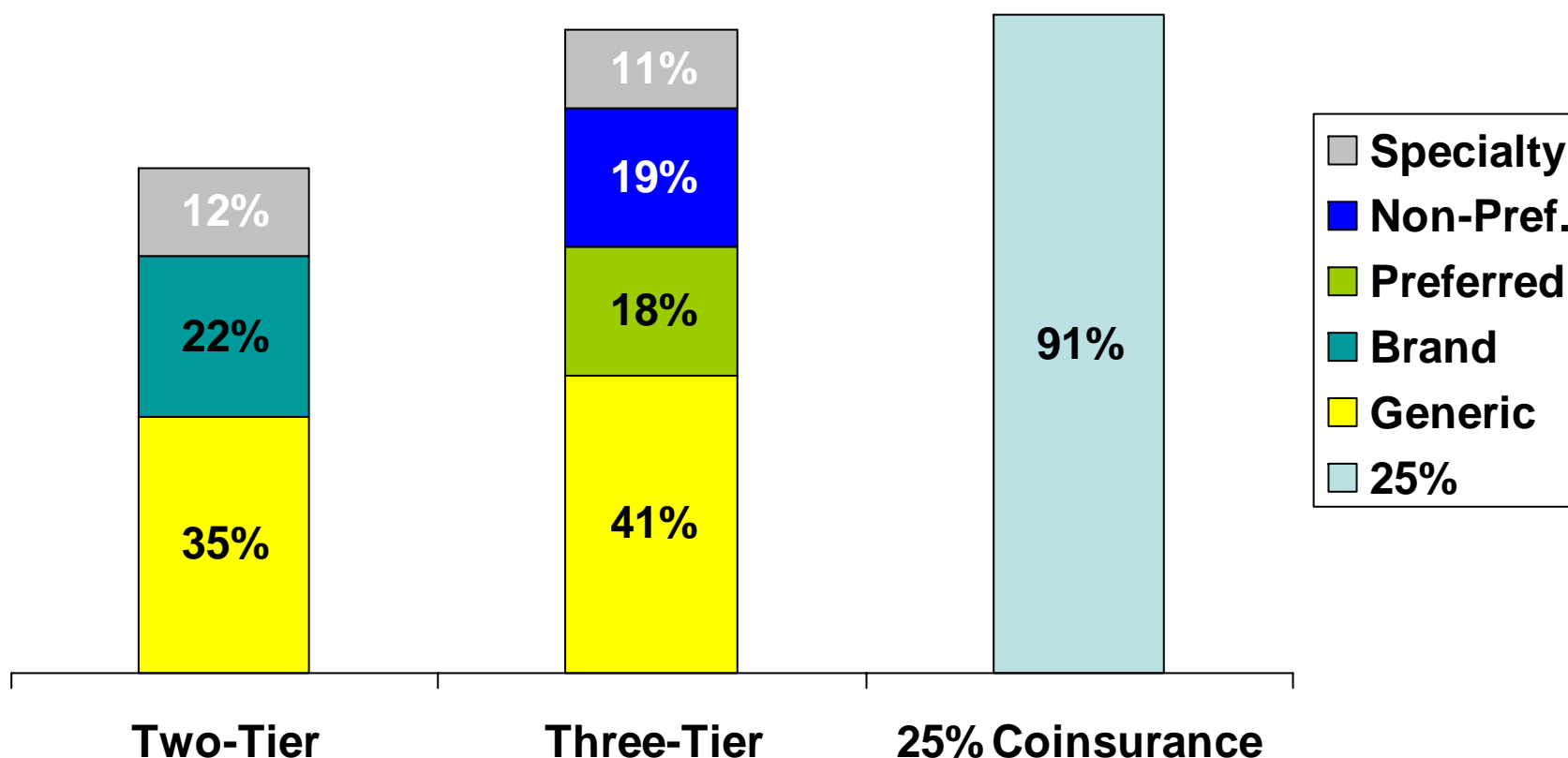


PDPs Eligible for Auto Enrollment List Slightly Fewer Drugs But Have Fewer Restrictions, 2007



NOTE: Calculations are share of chemical entities, weighted by 2007 enrollments.

Extra Drugs for Three-Tier PDPs Are Mostly in Non-Preferred Tiers, 2007



NOTE: Only some two-tier and three-plans use specialty tiers.
Calculations are share of chemical entities, weighted by 2007 enrollments.

Stable Formularies Within Year Changes, January – June 2007

	Total – Jan.	Deleted	Added	Total – June
All PDPs	1116	-26	+13	1103
<i>Largest PDPs:</i>				
AARP (United Healthcare)	1279	-36	+13	1256
Humana Standard	1279	-36	+13	1256
Community Care Rx Basic	893	-12	+13	894
Wellcare Signature	754	-5	+9	758

NOTE: Calculations are weighted by 2007 enrollments.

What Were the Changes in Formularies Across Years?

- From 2006-2007, CMS changed its reporting process by introducing a standard set of reference drugs
- Challenge to make accurate comparisons
- Evidence of only minor dropping of drugs (<1%) from formularies, 2006 to 2007
- Additions to formularies could be a mix of:
 - new drugs
 - effect of new rules
 - broader formularies